Social innovation in service: a conceptual framework and research agenda

Lerzan Aksoy
Gabelli School of Business, Fordham University, New York, New York, USA

Linda Alkire (née Nasr)
Department of Marketing, Texas State University, San Marcos, Texas, USA

Sunmee Choi
School of Business, Yonsei University, Seoul, The Republic of Korea

Peter Beomcheol Kim
School of Hospitality and Tourism, Auckland University of Technology, Auckland, New Zealand, and

Lu Zhang
Eli Broad College of Business, Michigan State University, East Lansing, Michigan, USA

Abstract

**Purpose** – The purpose of this paper is to provide a framework for guiding social innovation in service (SIS), defined as the creation of novel, scalable and sustainable market based service offerings that solve systemic societal problems.

**Design/methodology/approach** – This research provides a review and synthesis of transdisciplinary literatures to establish a basis for the conceptual framework proposed for SIS.

**Findings** – It is argued that the primary unit of an SIS is the service firm and that there are micro-, meso-, and macro-level actors and enablers in the ecosystem that can help bring about SIS. Examples from the hospitality and tourism industry are used to demonstrate key points.

**Practical implications** – Benefits of an SIS to companies include growth through new markets and innovative value offerings, sustainable supply chains in production, building consumer value and trust in the company/brand, attracting and retaining talent and being proactive in including social and environmental measures of success in customer metrics and company financial reporting.

**Originality/value** – This paper contributes to the social innovation and service literature by: offering a new, scientifically supported view of an SIS; providing managers with a framework to guide social innovation within their service firm and for the benefit of their company and its stakeholders; and directing service scholars to research issues necessary to advance SIS.

**Keywords** Sustainability, Tourism, Social innovation, Metrics, Hospitality

**Paper type** Conceptual paper

Introduction

The world today is facing immense challenges that not just impact the quality of our lives – some even impact the long-term habitability of our planet itself. The challenges are sweeping in their scope and complexity, such as poverty, hunger, lack of education, gender inequality, sustainability and climate action. In response to these threats, the United Nations convened global leaders from 193 countries to agree on mission critical goals to end global poverty, protect the planet and ensure that all people enjoy prosperity and peace. The resulting 17 objectives has become known as the sustainable development goals (SDGs), also called the Global Goals (Global Goals, 2018). Their target date for making significant impact toward creating a better world is 2030.
2030 is clearly an ambitious timeline. Moreover, these challenges will not be solved with government action alone. Rather, significant progress requires the meaningful involvement of organizations – particularly for-profit enterprises. This becomes obvious when thinking about the challenge posed by climate change. Global warming is largely attributed to human activity (NASA, 2018) and this activity is primarily the production and consumption of products and services. A similar observation can be made for sustainability – production of products and services plays a major role in pushing ecosystems beyond their capacity to recover. Additionally, there are clearly important roles for companies in addressing gender inequality, income inequality, lack of healthcare and even hunger and poverty. Because of the important role companies must play to advance the SDGs, the UN created the Global Compact to highlight “industry-specific examples and ideas for corporate action” related to addressing the SDGs (UN Global Compact, 2018).

Undoubtedly, corporate action is critical to successfully addressing these challenges. But managers need guidance and rigorous frameworks to efficiently and effectively make progress in providing solutions to these systemic challenges. In the pursuit of this cause, this investigation argues that academic researchers – specifically service researchers – are uniquely positioned to contribute to this cause. Service systems are at the center of many if not most human interactions in modern society. As such, they contribute to quality of life for both individuals, and for society as a whole (Diener et al., 2003; Ryff and Keyes, 1995; Sirgy et al., 2010). Furthermore, service companies can benefit from contributing to the advancement of the SDGs. For example, developing market-based solution aiming at eliminating poverty and hunger, can subsequently increase the buying power of customers and the productivity of employees and thus indirectly contribute to the profitability and long-term development of service organizations. Despite this fact, there has not been any substantial work in the service literature to address these challenges and as such we build on social innovation literature to address this gap.

The goal of this paper is to provide a framework for guiding social innovation in service (SIS), defined as the creation of novel, scalable and sustainable market based service offerings that solve systemic societal problems. The primary unit of social innovation is the service firm, and specific insights into the role of enablers of success of social innovation, is provided in the framework. It is important to acknowledge that this viewpoint emphasizes the value of both not for profit enterprises as well as market-based offerings that are profit seeking in social impact. As such, this framework adds to the literature by emphasizing that innovating for societal benefit does not in any way negate the imperative to maintain a business that thrives financially. It also underscores a corporate culture change that goes beyond engaging in corporate social responsibility (CSR) or philanthropy. Hilton’s “Travel with Purpose” corporate level strategy is a great example of the effort of a service firm in hospitality and tourism that has formally committed to social innovation and aligned their actions with advancing UN’s 2030 SDGs (Hilton, 2019). Hilton announced it will cut its environmental footprint in half and double its social impact investment by 2030. With this commitment, Hilton became the first major hotel company to institute science-based targets to reduce carbon emissions and send zero soap to landfill. Hilton’s strategy hails a comprehensive responsible and sustainable tourism approach and includes tackling environmental sustainability, improving inclusivity, serving communities in which it operates, helping women and youth around the world and driving positive social and environmental change throughout the value chain and supply chain to “make the world a better place” (Hilton, 2019). Hilton, in addition to other examples from hospitality and tourism is used to demonstrate the proposed framework.

This paper contributes to the social innovation and service literature by: offering a new scientifically supported view of SIS firms; providing managers with a framework to guide social innovation within their company; and directing service scholars to research issues necessary to advance corporate SIS.
The rest of the paper is structured as follows. First, we review the social innovation literature to understand what it is and how it is incorporated into corporate DNA for competitive advantage and sustainability. Second, we propose a new ecosystem view of social innovation where service firms are viewed as the primary actor that aggregates individuals to the cause, and unites entities in its ecosystem to ensure sustainable development processes. Third, we propose metrics for guiding action and evaluating success. Finally, we discuss the implications of this new framework on SIS, and propose new avenues of research to advance our understanding of SIS.

Social innovation

The concept of social innovation has been gaining momentum over the last decade (Van Der Have and Rubalcaba, 2016), mainly due to the growing interest in the social issues related to public management and entrepreneurship (Cajaiba-Santana, 2014). There is increasing acknowledgement that innovation is not only about leading-edge technologies but also about solving societal problems. The application of social innovation is deemed to be as old as mankind (Simms, 2006) and some of the most omnipresent outcomes of social innovation such as the Fairtrade movement, microcredits, and cooperative banks (Mulgan et al., 2007) have been around longer than the concept itself.

The field however remains fragmented, particularly because of the siloed, disconnected definitions and applications of the main tenets of social innovation across a variety of disciplines such as public policy (Guth, 2005), management (Drucker, 1987), social psychology (Mumford and Moertl, 2003) and predominantly social entrepreneurship (Phillips et al., 2015; Short et al., 2009). The broad variety of definitions ranges from simple to complex. The editors of Stanford Social Innovation Review define social innovation as “a novel solution to a social problem that is more effective, efficient, sustainable, or just than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals” (Phills et al., 2008, p. 36). Meanwhile, Ashoka (2018) defines it as “a methodology to create social value (and potentially economic value) at a systems change level, which addresses the root of a problem.” The World Economic Forum (2016) defines social innovation as “the application of innovative, practical, sustainable, market based approaches to benefit society in general and low income or underserved populations in particular.” Perhaps the simplest definition is the one proposed by Mulgan et al. (2007) defining social innovation as “as the development and implementation of new ideas (products, services and models) to meet social needs” (p. 9).

One common theme across the definitions of social innovation is the heavy focus on individual social entrepreneurship as a mechanism to bring about social change. This means that social change tends to rely on encouraging individual social entrepreneurs to succeed in scaling their business to achieve social impact. While there are many poignant examples of social entrepreneurs changing the course of humanity (e.g. Muhammad Yunus and Microcredits), this perspective has since evolved and expanded to include social “intrapreneurs,” individuals creating social change from within existing organizations (Davis and White, 2015). This is the reason behind decisions of organizations such as Ashoka, initially founded to encourage social entrepreneurship, to expand their focus to include individual change-making capabilities and fostering mindsets and skills in the next generation of leaders, so that social change can occur within existing organizations as well. This renewed lens of social intrapreneurship greatly broadens opportunities for employees of service firms, from front line employees to leadership, to open the doors for bringing about this social change.

Social innovation in service

The review of social innovation in the previous section provide a useful basis to understand what constitutes social innovation and its relevance to the service firms. Drawing upon
these definitions, “Social Innovation in Service” is defined as the creation of novel, scalable and sustainable market based service offerings that solve systemic societal problems. This definition is similar to other conceptualizations of social innovation in that it emphasizes novel, scalable, sustainable solutions that solve societal problems. On the other hand, SIS makes the service firm the focal entity and diverges from other conceptualizations in the following ways:

(1) it is proposed that individuals focusing on social intrapreneurship within existing service firms has the potential to create social change;

(2) it is argued that change can be brought about not just through not for profit social enterprises but also through for profit service firms, benefiting the company’s bottom line by helping it serve customers better, in addition to contributing to societal well-being;

(3) this definition recognizes that social innovation solutions need to focus on opportunities to serve a company’s larger current and potential market base, in addition to underprivileged, marginalized populations; and

(4) finally, it extends beyond marketing focused strategies such as CSR to social innovation orientation and how the service firm views and conducts its business, delivers value to customers, and manages its supply chain.

This research argues that the service field is in a distinctive place to contribute and service researchers are uniquely poised to promote the advancement of social innovation. Service research is already transdisciplinary in nature (Gustafsson et al., 2016; Benoit et al., 2017) and as such has always encouraged the integration of various disciplines for the generation of novel theoretical knowledge that is applicable across and beyond any single contributing discipline. In addition, service systems are at the center of many if not most human interactions in modern society and so the field has the depth of expertise to contribute to the conversation on social impact.

Furthermore, SIS has the potential to in turn, accrue significant benefits to service firms. The World Economic Forum Global Agenda Council on social innovation states that social innovation enables: restoring of customer trust in business, adapting to resource scarcity and environmental concerns, attracting and retaining of top talent, tracking and reporting of changing performance metrics and growth and inclusion at scale (World Economic Forum, 2016). First, it is an opportunity for service firms to create ways in which growth can occur through building further customer confidence and strengthening customer trust in and bonds with the brand. For example, a recent poll of 72,000 hotel guests shows that social, environmental and ethical aspects of the company are highly considered by travelers in their purchasing decisions, particularly those younger than 25 years old (Godwin, 2018). Second, with intensified pressure on businesses to reduce environmental footprint and, ensure that their supply chains are resilient, service firms that invest in sustainability of their supply chain will be in a better position to remain competitive in the longer term (e.g. bicycle friendly hotels, Hilton - industry’s largest soap recycling program). In addition, the workforce of the future views what they do very differently than their parents do, prioritizing long-term sustainability over short-term profit maximization (World Economic Forum, 2016). The Global Shapers Annual Survey (2015) found that “making a difference in society, my city, or my country” was the most important factor that 60 percent of millennials look for in a job. Furthermore, millennials move from one employer to another more frequently, making acquiring and retaining top talent more challenging. Service firms that embrace SIS can differentiate themselves as recruiters and reduce employee turnover costs. In addition, the metrics by which companies are being evaluated are evolving. There is a growing number of service firms choosing to report environmental, social, governance
(ESG) metrics and entities such as the Sustainable Accounting Standards Board (SASB) and Global Reporting Initiative (GRI) are attempting to introduce mandated and standardized ESG reporting metrics within and across industries along with the traditional financial metrics. Finally, investors are increasingly engaging in impact investing in which they include socially and environmentally responsible companies in their investment portfolio.

In summary, this paper introduces the idea of social innovation in the service field and argues there are substantial benefits. It is important to acknowledge that transformative service research (TSR) and transformative consumer research (TCR) have been pioneers in the service field and have engaged the research community to tackle issues that encompass social impact and well-being. TSR originated at the intersection of TCR and service research (Ostrom et al., 2014). Ostrom et al. (2010, p. 6) define TSR as: “Service research that centers on creating uplifting changes and improvements in the well-being of individuals (consumers and employees), families, social networks, communities, cities, nations, collectives, and ecosystems.” As such, TSR shares many of the commitments of TCR in that it aims to “improve well-being” and “employ rigorous theory and methods” and to “disseminate findings to relevant stakeholders” (Mick et al., 2012, p. 6). But unlike TCR that stresses the impact of consumption on well-being, TSR emphasizes the role of service and service systems in uplifting well-being (Ostrom et al., 2014). Recently, Nasr and Fisk (2019), called for an extension of the TSR outcomes by including the concept of “relieving suffering.” They argue that the sole focus on improving well-being can be limiting because it assumes a level of well-being already established via basic service systems. Relieving suffering should also be at the core of SIS. Furthermore, most of the TSR work to date focus on the micro-level (employees, customers, etc. well-being) and more work is needed at the systemic (meso and macro) level of the ecosystem. Finally, Fisk et al. (2018) call for enhancing service inclusion by encouraging organizations to adopt more inclusive practices to enhance the well-being of all stakeholders and also to view service organizations as agents of transformation (Fisk et al., 2016). In response to these trends within TSR, we propose the concept of SIS.

As such, SIS provides an additional, albeit broader macro-systems level framework that embraces innovation as a company-level strategy, impacting a broad customer base including but not limited to underserved populations. In the next section, the conceptual framework for SIS is introduced, levels of the ecosystem are identified and enablers at each level are described.

**Conceptual framework for SIS**

The proposed framework (see Figure 1) presents key actors engaging in SIS at three levels of the ecosystem, namely, micro, meso and macro (Chandler and Lusch, 2015; Lusch and Vargo, 2014; Vargo and Lusch, 2011). This framework is consistent with the service-ecosystem approach (Lusch and Vargo, 2014; Vargo and Lusch, 2011) as well as a recent work by...
Akaka et al. (2017) delineating the context of innovation through collaborative efforts by multiple actors across the ecosystem context levels. Given that in our conceptualization, the service firm is the focal unit of SIS, we describe each of the actors in the ecosystem, their roles at each level and enablers that contribute to facilitating and implementing SIS. What is unique about this framework is that it requires a systems thinking approach. Although there are a myriad of definitions of systems thinking, perhaps the simplest is that it is a set of synergistic analytic skills used to improve the capability of identifying and understanding systems, predicting their behaviors and devising modifications to them in order to produce desired effects. It emphasizes the dynamic and interconnected nature of elements of a system and the skills needed to function (Arnold and Wade, 2015).

While it is impossible to generate an exhaustive list of potential actors and enablers for SIS, the next sections attempt to highlight some of the more critical ones at each level. Actors are the individuals, groups or entities that are involved in initiating, influencing and/or implementing SIS while enablers are those factors that facilitate initiation, influence and/or implementation of SIS.

**Micro-level actors and enablers for SIS**

The micro-level actors encompass individuals within a service firm who are catalysts for SIS. These individual actors bring forth and use their resources in interacting with other actors at the micro-level or higher levels (e.g. macro). The roles of these individuals may range from front line service employees to managers to C-level executives within the company. For example, Hilton’s President and CEO Christopher J. Nassetta (Hilton, 2019) has a direct impact on the social innovation related strategy of the company by embracing the importance of Hilton doing its part to end poverty, protect the planet, and ensure prosperity. The following section describes some of the micro-level enablers that facilitate SIS including psychological capital, risk-taking and compassion.

**Psychological capital.** Psychological capital (PsyCap) is often defined as an individual’s positive psychological state of development, which is characterized by four dimensions: “having confidence (self-efficacy) to take on and put in the necessary effort to succeed at challenging tasks; making a positive attribution (optimism) about succeeding now and in the future; persevering toward goals, and when necessary, redirecting paths to goals (hope) in order to succeed; and when beset by problems and adversity, sustaining and bouncing back and even beyond (resilience) to attain success” (Luthans et al., 2007, p. 3). As such, PsyCap consists of state-like factors that are open to training and development. These state-like factors are: Hope, self-efficacy, resiliency and optimism (forming the acronym HERO) (Luthans, 2012).

Prior research has shown that psychological capital has a positive impact on innovation (e.g. Abbas and Raja, 2015; Avey et al., 2008; Jafri, 2012; Luthans et al., 2011; Rego et al., 2012; Ziyae et al., 2015). For example, Jafri (2012) examined the association and influence of psychological capital on employees’ innovative behaviors. Findings of his study indicated that the core constructs of psychological capital represent the types of psychological resources that can be used to predict innovative behaviors. Avey et al. (2008) also indicated that individuals with positive psychological capital have a strong capability to propose and implement innovative ideas. Psychological capital contains an agentic capacity representing one’s positive appraisal of the environment based on motivated effort and perseverance (Luthans et al., 2011). As such, we propose that psychological capital is essential for SIS implementation whereas people with more psychological capital tend to view problems from a broader perspective and are able to be more innovative due to heightened ability to develop a wider range of high-quality solutions (Fredrickson, 1998). Broder perspective and innovation are essential for solving systemic societal problems as they are usually ill defined and lack concrete boundaries and solutions (Kolko, 2011). Finally, a meta-analysis of PsyCap studies found that it is significantly related to
desirable employee attitudes (job satisfaction, organizational commitment and psychological well-being), behaviors (citizenship) and performance outcomes (Avey et al., 2011). These attitudes are essential when seeking and implementing solutions for societal problems whereas individuals could transcend personal benefits and think about the common good. As such psychological capital has the potential to enable employees to initiate and implement SIS. In other words, service firms can appoint individuals with such social power to initiate or implement social change with the firm or build such psychological capital in agents designated as champion of social change.

**Risk-taking.** Risk-taking involves the investment of resources in activities with a significant possibility of failure for an individual or organization (Fernández-Mesa et al., 2012; Lumpkin and Dess, 1996). It can be understood as the tolerance of ambiguity, uncertainty and errors (Alegre and Chiva, 2008). The link between risk-taking and innovation performance has been widely examined in the literature of entrepreneurship and leadership (Ling et al., 2008; Wu et al., 2005). Research has indicated that individuals vary in their propensity to take risks and their preference for a risky behavior has been shown to be positively associated with the attainment of higher innovation results (Ling et al., 2008; Garcia-Granero et al., 2015). In the context of SIS, risk-taking can be one of the enablers of social innovation because individuals with such a trait are necessary for the generation of new ideas (Amabile et al., 1996), the starting point of SIS. Moreover, SIS also depends on leaders who are high on risk-taking to empower individuals to tackle complex social problems (Mulgan, 2006). Service firms can encourage innovative ideas by rewarding risk-taking behaviors or expecting failure will be part of the process.

**Compassion.** Compassion is characterized by a deep sense of knowing or awareness of the suffering of others coupled with the wish to relieve it (Radey and Figley, 2007). It is associated with feelings of condolence, sympathy and empathy, all of which are connected to altruism, other-orientation, concern for the welfare of others and an emotional connection linking an individual to a suffering community (Goetz et al., 2010; Lazarus and Lazarus, 1991; Miller et al., 2012; Nussbaum, 2001; Radey and Figley, 2007). Findings of studies suggest that compassion may act as a prosocial and emotional motivator of new ideas. It influences the likelihood of engaging in integrative thinking, prosocial cost-benefit analysis and commitment to alleviating others’ sufferings (Dees, 2007; Fowler, 2000; Mair and Marti, 2006; Miller et al., 2012), which all greatly contribute to the development of SIS. In the context of services, research has shown that compassion promotes creative and diverse perspectives when defining problems, which in turn generates creative solutions that provide collective benefits rather than singular gains (De Dreu et al., 2008). Overall, compassion allows service employees to have positive emotional states, which can be transformed into emotional and cognitive openness to new possibilities and ideas (Hur et al., 2016). The pursuit of a social impact mission is a common theme examined by much of the research into social innovation (e.g. Dawson and Daniel, 2010; Shaw and Carter, 2007; Ruvio and Shoham, 2011). Thus, it is argued that compassion could be an individual-level trait enabling SIS.

The micro-level enablers highlighted in this section emphasize the importance of engendering these traits in key employees of service firms. This could be done either by hiring for these traits or developing organizational training programs to develop and encourage these skills and/or create reward structures to recognize employees exemplifying these skills.

**Meso-level actor and enablers of SIS**

The meso-level actor describes the service firm and enablers describe firm level characteristics and processes that are the catalyst for an SIS. In other words, the latter is what enables effective social innovation processes within the service firm. For example, Hilton trains it employees regularly on relevant environmental and social issues and how to
engage guests in supporting responsible travel in destination hot spots (Hilton, 2019). The following section describes some of the meso-(service firm) level enablers of SIS including organizational culture, institution elements, leadership and empowerment.

**Organizational culture.** Deshpande and Webster (1989) define organizational culture as “the pattern of shared values and beliefs that help individuals understand organizational functioning and thus provide them norms for behavior in the organization” (Deshpande and Webster, 1989, p. 4). It is a complex set of ideologies, traditions, commitments and values that are shared throughout the organization (Poškienė, 2006). An organizational culture that embraces and shares the SIS goals is essential for successful implementation. Leaders of an organization can encourage SIS through creating corporate values and norms that support experimentation, risk-taking and collaboration culture (Herrera, 2015). As such, SIS cannot be achieved by single individuals within the organization but rather should be engraved in the organizational culture, supported by the operational structure making it attractive and open to engaged stakeholders.

**Institutional elements.** As one of the enablers at the meso-level, institutional elements include three mechanisms that drive SIS processes: stakeholder engagement, operational structures, in addition to organizational culture (Herrera, 2015). First of all, active stakeholder engagement can lead to successful SIS because innovations require stakeholder acceptance and cooperation (Enright and Bourns, 2010). By engaging stakeholders, a deeper understanding of service problems will be developed. New and better solutions will be established and more effective service organizations will be built (Enright and Bourns, 2010). Further, active stakeholder collaboration is particularly important to service innovation as it allows service organizations to identify co-creation opportunities (Herrera, 2015). The core of service consists of co-production and value co-creation as the interaction between a supplier and a user defines the service and the room for SISs (Gallouj et al., 2018). Thus, active stakeholder collaboration is considered as one of the enablers of SIS. Second, operational structures and processes include “accountability structures, project initiation protocols, development and evaluation of new ideas, systematic procedures to socialize and propagate successful innovations, and systems for providing innovation opportunities” (Herrera, 2015, p. 1470). The use of more formal operational processes can help improve SIS by providing a structure taking new product/service from idea to launch and beyond (Bowers and Khorakian, 2014).

**Leadership and empowerment.** While research has recognized organizational culture and institutional elements as key enablers of social innovation at the meso-level, paramount importance is also given if the company acquires the right type of leadership to drive the innovation process efficiently and effectively (Oke et al., 2009). Although some innovations may be a bottom-up activity, arising from individuals who are not necessarily leaders, majority of innovations tend to be the result of a strategic movement or initiatives led by visionary leaders (Mumford and Moertl, 2003; Oke et al., 2009). A similar pattern can govern SIS. Different development stages of a social innovation initiative require different forms and styles of leadership. In the initial stages, leadership is that of a pioneer (Murray et al., 2010). They have the courage to fund new ideas, lead people to take more educated risks, and constantly push their organizations to remain at the forefront (Oke et al., 2009). As the project develops, leadership needs to take on the skills of adapting, listening and persuading (Murray et al., 2010). Typically, social innovations in services are rather controversial due to the radical change implied and the scope of its impact. Thus, the success of these types of innovations depends on the persuasive skills of the leaders (Mumford and Moertl, 2003). Leaders who are skilled at the art of persuasion can better acquire elite support, early adopters, as well as financial resources. Bowen and Schneider (2014) state that leadership needs to focus on service and customers over operations. Similarly, the service-profit chain emphasis that leaders need
to focus on the actual providers of service, the employees, if they want to achieve true customer centricity (Heskett et al., 2008). Likewise, the company should ensure having who focus on motivating and empowering their followers for true SIS implementation.

By design, SIS objectives of solving societal problems could be empowering to individuals and organizations alike, nevertheless this is not sufficient for true SIS implementation. As such, it requires a further focus on empowerment strategies. Empowerment can be defined as an energizing process that expands the feelings of trust and control, which could result in outcomes such as enhanced self-efficacy and better performance of an organization. It is characterized by the amount and quality of information shared and the degree of perceived responsibility and participation in the decision-making processes (Spreitzer, 1996). Prior research has suggested that empowerment makes others feel they possess a certain degree of autonomy and power in decision-making, feel less constrained by rules, and more effective in their work, which collectively foster innovative behaviors (e.g. Jung et al., 2003; Knight-Turvey, 2006). Traditionally, innovation in goods has largely focused on R&D and physical capital. The research into SIS has criticized this narrow view and suggested that broad co-production and individual empowerment are critical for the realization of SIS (Gallouj et al., 2018). For instance, the transformation of a rural area into a tourism destination is not possible without co-innovation and empowerment of the local communities (Gallouj et al., 2018). As such, empowerment can play a great role in enabling SIS at the meso-level.

Macro-level actors and enablers of SIS
At the macro-level, actors are organizations or groups external to the service firm and consisting of various entities such as service organizations, communities, non-governmental organizations (NGOs) and governments that the company interacts with. Actors at the macro-level play a critical role in making SIS in that the actors at the lower levels such as individuals within a service firm and the firm itself are influenced by the norms, values and regulations of such macro-actors as society, governments, nations and alliances. Social innovation has in the past been driven by entities such as governments (e.g. new health models), markets (e.g. organic food), consumer movements (e.g. Fairtrade, eco-tourism), academia (e.g. novel pedagogical models such as Coursera) and social enterprises (e.g. microcredit) (Mulgan et al., 2007). The following section describes some of the macro-level enablers of SIS including economic factors, government policy and technology.

Economic factors. General economic factors, such as a recession or depression, have been identified as one of the macro-level factors that form the environment within which the social innovation process takes place (Globe et al., 1973). The Bureau of European Policy Advisors argues that social innovations provide an effective way to drive societal change, especially in the context of economic recession. At a time of major budgetary constraints, social innovation can help solve social challenges by “mobilizing people’s creativity to develop solutions and make better use of scarce resources” (BEPA, 2010, p. 7). For example, Standard Bank in South Africa applied a creative way to help small and medium black-owned enterprises. Instead of donating 0.2 percent of their profit (as required by the South African law), the bank decided to use those finds and invest them in an independent trust, which subsequently was used to fund loans for these entrepreneurs. This creative social innovation helped support more entrepreneurs with capital leading to lifting people and communities from poverty. In addition, Howaldt and Schwarz (2010) indicated that social innovation is an essential factor in terms of fostering sustainable growth, securing jobs, and increasing competitive abilities, particularly in the midst of an economic and financial markets crisis. Baker and Mehmoond (2015) also argued that crisis can act as a driver of social innovation. Responses to a crisis situation can lead to the empowerment of local groups and motivate them to solve societal problems (Gerometta et al., 2005). As such, after an economic and financial crisis, social innovation
determines “in what sort of world the next generation of the citizens of free societies will be living” (Howaldt and Schwarz, 2010, p. 18). Hilton, for example, engages the local communities and uplifts them economically through its value chain by increasing sourcing spending from local, small- and medium-sized enterprises and minority-owned suppliers.

Government policy. In discussing the diffusion of social innovation, Baker and Mehmood (2015) stated that actors of social innovation include organizations and institutions such as government departments. Governments often play a critical role in scaling up social innovations by passing laws, allocating public resources and conferring authority on public agencies (Mulgan, 2006). They also enable social innovation by becoming involved in changing policy, creating tax incentives or opening up capital markets to social innovation initiatives (Social Innovation Generation, 2012). During some periods in recent history, some social innovation was driven by civil society; however, at other times governments have taken the lead in social innovation (Mulgan, 2006). To engage in successful SIS, service firms should create strong relationships with constituents that have the opportunity and power to create and implement change. In April of 2018, Hilton’s CEO Nassetta joined Patricia Espinosa, Executive Secretary of the UN Framework Convention on Climate Change, to engage travel and tourism industry leaders in a “common agenda” to take action on climate change, implement the Paris Climate Agreement and adopt science-based targets to reduce carbon emissions. The hotel chain also focuses on creating partnerships with cross-industry networks to support policies for a low-carbon future and to advance international human rights. Hilton also embeds human rights due diligence into the supply chain and partners with suppliers to eradicate any form of forced labor or trafficking.

Technology. It is well established in the broader innovation literature that technology assists in integrating internal and external inputs in innovation (e.g. Rothwell, 1992). Researchers have suggested that technology in general and digital tools in particular play a key role in changing the way individuals interact with each other (De Keyser et al., 2019; Hinds et al., 2002). It provides a ubiquitous infrastructure for data storage and information sharing, which facilitates the exchange of ideas and information moving from one entity to another (Dodgson et al., 2006). As for how technology can be used to address social needs and enable SIS (Maiolini et al., 2016), prior research suggests that technology can help reduce the cost of data access, generate innovative ideas and increase the level of knowledge dissemination (e.g. Fink, 2007; Pisano and Verganti, 2008). Hilton, for example, has implemented “digital key” at most of the hotel locations where guests can check in via the mobile app, unlock their room door with their smartphone, reducing plastic waste and helping the chain achieve its sustainability targets. Hilton’s LightStay, an award-winning performance measurement system calculates, analyzes and reports the environmental impact at each of Hilton’s more than 5,300 hotels. As a result Hilton is an environmental leader in the industry. Since 2008, the company has reduced carbon emissions and waste by 30 percent and energy and water consumption by 20 percent, saving more than $1bn in operating efficiencies. The sharing economy is also an important social driver that challenges the conventional operation of hospitality and tourism organizations. For example, CouchSurfing and Airbnb are well-known examples that demonstrate how technology can change social interactions and practices in tourism contexts. In the case of CouchSurfing, the company was able to create a new gift economy business model utilizing technology in which consumers are empowered to create a vibrant community where they can arrange homestays, offer lodging and join events such as “Couch Crashes” (Mosedale and Voll, 2017). In addition, Travelstarter platform, a global crowdfunding platform solely dedicated to travel and tourism, enabled by technology and connectivity, allows people to travel by supporting local tourism and meeting with local people. Similarly, the Digital Tourism Think Thank, is a platform that provides and shares digital marketing best practices to the tourism industry.
In conclusion, the proposed SIS framework presents the levels, actors and select enablers needed for SIS. By proposing a comprehensive framework, this work aims to provide service managers and decision makers a holistic understanding of the enabling components of the SIS process. It is by no means a road map to success but rather an illustration of the key components needed for SIS and system-level change. It is believed that by acknowledging the multi-level nature of SIS, managers will become aware of the need to further multi-level collaboration and cooperation for SIS success. Similarly, individual characteristic (e.g., psychological capital) could be enhanced and trained if SIS is the goal. Finally, the discussed societal and organizational benefits of SIS could be achieved if the enablers and actors are identified.

Performance evaluation metrics for SIS
Metrics help in evaluating whether innovations are working and help measure progress against desired outcomes. While there are many existing metrics measuring social innovation indicators and its impact, in this next section a select number of them deemed most relevant for societal level, company level and customer level is discussed.

Societal level metrics
In recent decades as social innovation has gained significant popularity as a strategy to tackle societal problems, metrics themselves have evolved from tools to judge the impact of a particular project or program to meta-analyses and assessments of much larger processes of social change (Murray et al., 2010). As such, various organizations have proposed and implemented metrics to gauge societal level impact. The most widespread model of social impact measurement is the social return on investment (SROI) approach (Emerson et al., 1999; NEF, 2012; Nicholls, 2009; Arvidson et al., 2010). This approach focuses on an economics cost-benefit calculation to establish materiality to stakeholders of key outcomes and developing financial proxies for each. SROI implies “reviewing the inputs, outputs, outcomes and impacts made and experienced by stakeholders of an organization in relation to the activities of an organization, and putting a monetary value on the social, economic and environmental benefits and costs created by an organization” (Arvidson et al., 2010, p. 6). While these metrics are more macro-level metrics in nature, they are clearly relevant for service firms to track as they are critical indicators of progress.

Company-level metrics
On a company level, ESG metrics are the most popularly used set of metrics and reported by companies. Environmental criteria (E) report how a company performs as a steward of the natural environment, social criteria (S) reports the extent to which a company manages relationships with its employees, suppliers, customers and the communities where it operates and governance (G) criteria reports a company’s leadership, executive pay, audits, internal controls and shareholder rights. The leading data aggregators and reporting agencies on ESG metrics are Bloomberg, Thomson Reuters and MSCI (Huber et al., 2017).

There are two organizations leading the way to encourage companies to report ESG metrics. The first is SASB founded in 2011 to develop and disseminate sustainability accounting standards. The SASB aims to integrate its standards into the Form 10-K which must be filed by public companies with the US Securities and Exchange Commission. The second is the GRI which is a global independent standards organization that helps businesses, governments and other organizations understand and communicate their impacts on issues, such as climate change, human rights and corruption. First launched in 2000, GRI’s sustainability reporting framework is now widely used by multinational organizations, governments, small and medium enterprises, NGOs and industry groups in more than 90 countries. In 2017, 63 percent of the largest 100 companies (N100), and 75 percent of the Global Fortune 250 (G250) reported
applying the GRI reporting framework. Hilton, for example, uses the GRI disclosure framework and discloses information on material economic, environmental and social indicators and is also listed in the Dow Jones Sustainability Index.

**Individual-level metrics**
A common measure of customer perceived SIS would be survey-based responses to related questions. Furthermore, increases in well-being and life satisfaction can be particularly valuable. Subjective well-being (SWB) is conceptualized as an overarching construct consisting of a multitude of subjective dimensions reflecting a person’s self-described happiness (Diener, 2006). SWB has three components: positive affect, low negative affect and cognitive appraisal of one’s life involving past, present and future through which a general rating for life satisfaction is achieved (Diener, 1994). SWB incorporates an evaluation of both the hedonic experiences (temporary emotions) and the cognitive valuations of how well life is going more generally. As both of these components are subjective, this kind of account is called SWB, an umbrella term combining how people think as well as how they feel about their lives (Diener et al., 1999). Sousa and Lyubomirsky (2001, p. 3) define SWB as: “an evaluation of one’s life assessed by measures of life satisfaction, frequency of positive affect, and frequency of negative affect.”

On a national scale, the American Innovation Index (2018) provides a barometer of social innovativeness of companies. It scores and ranks the innovativeness of over 150 US companies across 20 industries. The AII is unique in that it measures innovation from the customer point of view and ranks companies on two types of innovation – customer-focused innovation and social innovation. Customer-focused innovation is the degree to which a company is perceived as creative, innovative and a game-changer when providing value to customers. Social innovation is the degree to which a company is a force for positive change for society and the environment. These are questions that can gauge the impact that a company’s strategy in the area of SIS is having on customer level perceptions. The initial investigation into the relationship between innovation and social innovation shows a high degree of correlation. As such service firms who want to be perceived as socially innovative also tend to be innovative companies. In the lodging sector, Airbnb and Hilton were ranked first and second place, respectively, as the most innovative and socially companies in the USA in 2018.

**Future research Agenda for SIS**

*Propositions related to system-level thinking and successful interaction of actors in the ecosystem*
Although this research identifies and describes actors and potential enablers of SIS at each of the three levels in the SIS framework, future research can examine unique factors that impact the interaction of actors across levels within an interconnected system (Arnold and Wade, 2015). For instance, when an entrepreneurial manager at a service firm (a micro-level actor) collaborates with a governmental agency (a macro-level actor) to create an SIS, what are some critical factors that affect the successful introduction of the SIS in question? These factors, that uniquely determine the quality of the collaboration(s), are different from the individual enablers that are identified and described in the paper, and merit further investigation.

The research that exists on successful collaborations of social ventures with government partners to scale can inform companies wanting to engage in SIS on factors influencing success. Worsham et al. (2018) find that successful change occurs through strong governmental partnerships, identifying and engaging the right champions within government structures, determining the type and level of evidence of impact needed, proactively managing and avoiding politics and engaging in listening, humility, and respect among other factors.
Propositions related to enablers and inhibitors of success
Due to space limitations, the list of factors proposed in this research and their impact on SIS at each level could not be exhaustive in nature. Future research can explore additional enablers that are catalysts to innovation as well as barriers that could obstruct the process of innovation. It is important to acknowledge that the concept of SIS is not going to be attractive or relevant to every service firm. As such, determining characteristics of service companies that are candidates demonstrating close synergies with SIS is essential. This could include factors such as strategic alignment, competitive strengths, and fit with business context.

The extant literature on creativity and innovation in addition to the literature on change management can provide substantive insights into other factors and process-related variables to overcome barriers. For instance, how could individual’s resistance to change, mistrust and conflict of interest, resource limitations (financial, human, infrastructure, etc.), established organizational norms, and culture and biases (stereotypes, discrimination, prejudice, etc.) be overcome to bring about SIS? How can customers contribute and potentially co-create SIS? What is the role of communication and transparency within the organization? What is the way in which SIS could be scaled to increase chances of success?

Propositions related to employee engagement in SIS
In the SIS framework’s micro-level, employees play a critical role in initiating, developing, and implementing SIS. Future research can more specifically explore questions related to the role of and impact on employees. How can employees’ internal resource such as psychological capital, empathy, compassion, creativity be mobilized so that it increases the chances of success in SIS idea generation and implementation? What is the impact of SIS on employee performance, innovation, and creativity? Do employees, who perceive companies engaging in SIS to be contributing to society and making money, find greater alignment with the organization, and how does this perception influence their motivation, commitment, satisfaction, perceived work meaningfulness, and SWB? What other motivating traits and attitudes predict employee engagement in SIS? What are the new capacities that need to be built for managers and employees for SIS implementing organizations? These are all important questions to address as change starts with people.

Propositions related to magnitude of impact and metrics used for measurement of impact
To solve inherently complex and multi-dimensional social problems and create social value (Murray et al., 2010), the design of metrics should reflect such characteristics (Mark et al., 2000). Further, since innovation refers to not only the outcome but also the process of generating, testing and adapting novel solutions, which is inherently exploratory and uncertain (Preskill and Beer, 2012), metrics should also focus on the process. Metrics need to direct the efforts of all three-level actors to the right direction and promote the enabling characteristics from all level actors. Designing metrics that satisfy all these requirements is challenging, yet crucial to ensuring the success of SIS. Service researchers can contribute to the advancement of SIS by addressing multiple issues related to impact measurement.

First, service researchers could develop and validate scales to measure SIS at all levels and taking into account the unique characteristics of service companies. As was discussed in the section on the performance evaluation of SIS, there are some widely accepted macro-level metrics at each level of SIS that can be adopted. Service businesses in general and hospitality businesses in particular however are unique in several ways, which might require adaptation in the design of metrics. Moreover, the evaluation approach and metrics for SIS should ideally be customized to the SIS objectives, implementation levels, contexts, dynamics among stakeholders, and scale, to name a few. Service researchers could identify what those characteristics of service businesses might be, develop metrics to reflect such
characteristics and context and validate these metrics. It would also be critical to determine the bottom line impact of SIS, both in the short and long-term.

Second, Preskill and Beer (2012) note that practical implementation of pre-set metrics and evaluation criteria can often work against social innovation, resulting in “calcified” social change strategies as innovators become beholden to plans and metrics that do not evolve in response to the dynamic context. Hence, metrics should support adaptation and leave space for the unexpected, and give innovators the information and data they need to discover new patterns and pathways. In other words, metrics should help project executors to rapidly test solutions and abandon the ones that fail, detect what is emerging in response to their efforts and realize what to learn and unlearn about how they design, use and even think about evaluation. In the meantime, changes in evaluation criteria during the project execution could cause confusion among stakeholders. Service researchers could validate the benefit of adapting metrics over the life cycle of an SIS project, while identifying issues and challenges associated with the adaptation.

Conclusion
SIS is critical to tackling some of the world’s most intractable and pernicious problems. Clearly, service firms have been active in providing innovative solutions that address aspects of the United Nations SDGs long before there was a label for the effort. Moreover, the pioneering efforts of the TSR and TCR movements have brought a spotlight to this important cause.

While innovation is often associated with advanced technology, many highly impactful social innovations demonstrate that novel approaches (as opposed to cutting edge information technology) are what matters most. For example, Judson Manor, a senior living facility in Cleveland, Ohio (USA) provides rent free living to college students in exchange for meaningful interactions with senior residents. Relying on research that demonstrates the positive impact of such interactions, Judson Manor provides an innovative service to otherwise debt-ridden college students while improving the quality of life of its primary consumers, the senior residents. Additionally, the “la Tablée des Chefs” in Canada is a program where hotels and restaurants serve as platforms for providing quality excess food from chefs to food shelters, and providing food education for teenagers in high schools with culinary workshops (Lombardi, 2017).

Without question, efforts to date such as this have resulted in important advancements in human well-being. What has been missing, however, is a holistic view and understanding of the ecosystem necessary to allow firm-created social innovations to flourish, and for the process of social innovation to become institutionalized and scaled up (and therefore recurring – even continuous). This is critical if mankind is to wipe out the disparate and widespread blights of our time, such as poverty, hunger, lack of education, gender inequality and climate change. Not government power, nor even large scale groups of committed individuals will be enough (though both are clearly important). Rather, the engine of our world is the enterprise. Companies generate the wealth that can address poverty and hunger, and even universal access to education. Progressive management practices can greatly reduce gender and racial inequalities and firms must address inclusion, sustainability and climate issues if there is to be any hope of averting potentially tragic consequences.

But perhaps at the heart of SIS is the nature of innovation itself. Governments are seldom innovative – in fact, it can be argued that they are quite the opposite. And while individuals can be wonderfully innovative, they typically lack the resources (capital, facilities, manpower, etc.) to make a large scale impact. That leaves firms – the primary unit of SIS. Firms must innovate or die. As a result, they are by their very nature structured for the job of finding novel solutions to solving problems. By providing a framework for firms to channel this essential skill to address some of the world’s most pressing problems, large scale positive change can happen – and it will happen.
References


Further reading


Corresponding author
Lerzan Aksoy can be contacted at: aksoy@fordham.edu